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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,

Plaintiff,

v.

SOCIETY COFFEE AND JUICE, INC.,
and KARL F. WILLIAMS,

Defendants.

No. 17 Civ. 2323

COMPLAINT

Plaintiff the United States of America (the “United States”), by its attorney, Joon H. Kim, Acting United States Attorney for the Southern District of New York, alleges upon information and belief as follows:

NATURE OF ACTION

1. This is an action to recover money on a debt owed by Society Coffee and Juice, Inc., and Karl F. Williams (“Defendants”), arising from failure to repay a loan guaranteed by the United States Small Business Administration (the “SBA”), an agency of the United States.

JURISDICTION AND VENUE

2. This Court has jurisdiction pursuant to 28 U.S.C. § 1345.
3. Venue is proper in the Southern District of New York pursuant to 28 U.S.C. § 1391(b).

THE PARTIES

4. Plaintiff is the United States of America.
5. Defendant Society and Coffee and Juice, Inc. (“Society Coffee”), is a New York Corporation located at 2104 Frederick Douglas Boulevard, New York, New York.
6. Defendant Karl F. Williams (“Williams”) is an individual whose last known address is 1 Mount Morris Park West, Apartment 1C, New York, New York.

FACTUAL ALLEGATIONS

7. On July 10, 2006, SBA authorized and guaranteed 50% of a \$25,000 line of credit loan from HSBC Bank USA NA (“HSBC”) to Society Coffee via an SPAExpress Loan Authorization. A true and correct copy of the July 10, 2006 SBAExpress Loan Authorization is attached hereto as Exhibit A.

8. The SBAExpress Loan Authorization identified HSBC as the Lender. Id.
9. The SBAExpress Loan Authorization identified Society Coffee as the Borrower. Id.
10. The SBAExpress Loan Authorization required the Lender to have the Borrower execute a Note containing specific repayment terms. Id.
11. Williams, on behalf of Society Coffee, signed a General Security Agreement, dated July 14, 2006, giving a secured interest in all of Society Coffee’s assets and property to

HSBC. A true and correct copy of the General Security Agreement is attached hereto as Exhibit B.

12. Williams, on behalf of Society Coffee, signed an Agreement for Revolving Credit Term Loan, dated July 14, 2006, to obtain a loan from HSBC. A true and correct copy of the Agreement for Revolving Credit Term Loan is attached hereto as Exhibit C.

13. Williams signed an Unlimited Continuing Guaranty, dated July 14, 2006, unconditionally guaranteeing full and prompt payment to HSBC of all indebtedness of Society Coffee. A true and correct copy of the Unlimited Continuing Guaranty is attached hereto as Exhibit D.

14. The Unlimited Continuing Guaranty made Williams personally liable for repayment of Society Coffee's loan. Id.

15. In July 2009, Society Coffee defaulted on the \$25,000.00 SBA-insured line of credit loan.

16. On or about May 12, 2010, the United States Department of the Treasury Financial Management Service sent Williams a Debt Collection Notice. A true and correct copy of the May 12, 2010 Debt Collection Notice is attached hereto as Exhibit E.

17. The Debt Collection Notice informed Williams that his unpaid delinquent debt owed to the SBA had been referred to the United States Department of the Treasury for collection. Id.

18. The Debt Collection Notice indicated that Williams owed a total of \$31,998.34, which included principal, fees, interest and penalties. Id.

19. The Debt Collection Notice provided both a form for submitting payment by mail and a website where payment could be made. Id.

20. The Debt Collection Notice further notified Williams that if he was unable to pay the debt in full, he should contact a Customer Service Representative at a specified toll-free number. Id.

21. Williams did not pay the \$31,998.34 owed to the SBA.

22. The U.S. Department of the Treasury Financial Management Service, acting on behalf of SBA, issued a Certificate of Indebtedness, dated June 21, 2013. A true and correct copy of the Certificate of Indebtedness is attached hereto as Exhibit F.

23. The Certificate of Indebtedness notes that Defendants currently owe \$19,041.72 in principal and \$6,478.12 in fees pursuant to 28 U.S.C. § 527 and 31 U.S.C. §§ 3717(e) and (g)(6), for a total debt of \$25,519.84. Id.

24. On July 1, 2013, the U.S. Department of Justice sent Society Coffee a letter alerting it that its default had been referred to the U.S. Department of Justice to initiate legal action. A true and correct copy of the July 1, 2013 letter is attached hereto as Exhibit G.

25. The July 1, 2013, letter indicated a total amount due of \$25,519.84 and provided an envelope for the mailing of payment and a telephone number to call if defendant was paying by credit card. Id.

26. Society Coffee did not pay the \$25,519.84 demanded in the July 1, 2013 letter.

FIRST CAUSE OF ACTION

27. Plaintiff repeats the allegations in paragraphs 1 through 26 as if fully set forth herein.

28. The total amount due and owing by Defendants, through June 21, 2013, is \$25,519.84.

WHEREFORE, Plaintiff the United States demands judgment against Society Coffee and Juice, Inc. and Karl F. Williams in the amount of \$25,519.84.

Date: March 30, 2017
New York, New York

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